Evercare of Arizona, Inc.

Financial Statements as of and for the
Years Ended December 31, 2007 and 2006,
Supplemental Schedules as of and
for the Year Ended December 31, 2007,
and Independent Auditors' Report, and
Internal Control Letter

5/2/08

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Evercare of Arizona, Inc.:

We have audited the accompanying balance sheets of Evercare of Arizona, Inc. (the "Plan") (an Arizona corporation and a wholly owned subsidiary of Lifemark Corporation) as of December 31, 2007 and 2006, and the related statements of operations, changes in stockholder's equity and other comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Plan as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental 2007 combining information beginning on page 17 is not a required part of the basic financial statements, but is supplementary information required by Arizona Health Care Cost Containment System (AHCCCS). This supplementary information is the responsibility of the Company's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Deloitte & Touche LLP

April 30, 2008

EVERCARE OF ARIZONA, INC.

BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$21,035,454	$39,971,999
Short-term investments	2,397,509	1,892,256
Receivables — net of allowance of $2,935,225 and $1,509,748 in 2007 and 2006, respectively	3,846,458	4,957,488
Related-party receivable — net	172,518	
Deferred income taxes	1,367,933	785,464
Other	33,184	12,058
Total current assets	28,853,056	47,619,266
LONG-TERM INVESTMENTS	30,526,882	22,012,783
TOTAL	$59,379,938	$69,632,049
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Medical services payable	$28,962,564	$30,582,168
Payable to Arizona Health Care Cost Containment System (AHCCCS)	2,888,583	680,877
Related-party payable — net		6,080,039
Deferred income taxes	30,186	23,424
Other	447,439	
Total current liabilities	32,328,772	37,366,508
CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $1 par value — authorized, 2,000,000 shares; 1 share issued and outstanding	1	1
Additional paid-in capital	10,999,115	10,999,115
Retained earnings	15,852,253	21,393,052
Accumulated other comprehensive income (loss)	199,797	(126,626)
Total stockholders' equity	27,051,166	32,265,542
TOTAL	$59,379,938	$69,632,049

See notes to financial statements.

EVERCARE OF ARIZONA, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CAPITATION REVENUE	$183,160,032	$248,214,035
MEDICAL SERVICES EXPENSES:		
Institutional care	87,868,423	114,588,420
Home and community based services	44,384,612	55,305,236
Acute care	21,457,409	19,041,937
Total medical services expenses	153,710,444	188,935,594
INCOME BEFORE MANAGEMENT FEES AND OPERATING EXPENSES	29,449,588	59,278,442
MANAGEMENT FEES	20,556,361	28,065,953
OPERATING EXPENSES	4,904,823	5,287,455
INCOME BEFORE NET INTEREST INCOME	3,988,404	25,925,033
NET INTEREST INCOME	3,292,600	3,010,273
INCOME BEFORE INCOME TAXES	7,281,004	28,935,306
FEDERAL AND STATE INCOME TAX PROVISION	2,821,802	11,222,854
NET INCOME	$ 4,459,202	$ 17,712,452

See notes to financial statements.

EVERCARE OF ARIZONA, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,459,202	$ 17,712,452
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Deferred income taxes	(575,707)	(69,842)
Changes in operating assets and liabilities:		
Receivables	1,111,030	(2,947,731)
Other current assets	(21,125)	73,745
Other current liabilities	447,439	
Medical services payable	(1,619,604)	(8,331,691)
Payable to AHCCCS	2,207,706	(3,331,340)
Related-party payable — net	(6,252,557)	4,005,968
Net cash (used in) provided by operating activities	(243,616)	7,111,560
CASH FLOWS FROM INVESTING ACTIVITIES —		
Purchases of investments	(13,366,522)	(14,696,187)
Sales of investments	4,673,593	5,022,538
Net cash used in investing activities	(8,692,929)	(9,673,648)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend distribution paid to parent	(10,000,000)	
Net cash used in financing activities	(10,000,000)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,936,545)	(2,562,088)
CASH AND CASH EQUIVALENTS — Beginning of year	39,971,999	42,534,087
CASH AND CASH EQUIVALENTS — End of year	$ 21,035,454	$ 39,971,999
CASH PAID FOR INCOME TAXES	$ 4,571,558	$ 13,451,000

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Evercare of Arizona, Inc. (the "Plan") is a prepaid health plan that derives substantially all of its revenue through a contract with the Arizona Health Care Cost Containment System (AHCCCS) to provide specified long-term health care services to qualified members. The Plan contracts for fixed monthly premiums, based on negotiated per capita enrollee rates. The Plan subcontracts with hospitals, physicians, and other medical providers within Arizona and surrounding states to care for AHCCCS members in various counties.

The Plan is a wholly owned subsidiary of Lifemark Corporation ("Lifemark"). In February 2001, Lifemark merged with Evercare, an operating unit of Ovations, which is a wholly owned subsidiary of United HealthCare Services, Inc. (UHS), which is a wholly owned subsidiary of UnitedHealth Group Incorporated.

Basis of Presentation — The financial statements reflect the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates — These financial statements include some amounts that are based on estimates and judgments. The most significant estimates relate to medical services expenses, medical services payable, and estimates regarding Members Share of Costs and Home and Community Based Services, which impacts the Plans ultimate capitated revenue. The Plan adjusts these estimates as more current information becomes available, and any adjustment could have a significant impact on operating results. The impact of any changes in estimates is included in the determination of income in the period in which the change in estimate is identified.

Cash and Cash Equivalents — Cash and cash equivalents investments represent cash held by the Plan in disbursement accounts and money market instruments with a maturity of three months or less at the time of purchase. Claims and other payments are made from the disbursement accounts daily. Cash and cash equivalents are reported at cost, which approximates market value.

Cash and cash equivalents also consist of the Plan's share in an investment pool sponsored and administered by UHS for the benefit of the UHS-owned health plans. The investment pool consists principally of investments with original maturities of less than one year with the average life of the individual investments being less than 60 days. The Plan's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The pool is primarily invested in governmental obligations, commercial paper, certificates of deposit, and short-term agency notes and recorded at cost, which approximates market value. Interest income from the pool accrues daily to participating members based upon ownership percentage.

Investments — Investments that mature within one year are classified as short term. Investments with maturities greater than one year are classified as long term. Investments consist of government obligations, mortgage-backed securities, and corporate bonds.

The Plan follows the provisions of Financial Accounting Standards Board (FASB) Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and has classified all investments as available-for-sale, whereby investments are reported at fair value, with unrealized gains and losses reported as accumulated other comprehensive income (loss), net of income taxes, in the statements of changes in shareholder's equity and other comprehensive income. Fair value is based on quoted market prices.

The Plan continually monitors the difference between the cost and estimated fair value of its investments. If any of the Plan's investments experience a decline in value that the Plan believes is other than temporary, the Plan records a realized loss in other income in the statements of operations. No such losses were incurred and recorded as of December 31, 2007 and 2006.

The Company's investment policy limits investments in other residential mortgage-backed securities, including home equity and subprime mortgages, to 10% of total investments, and total investments in mortgage-backed securities to 30% of total investments.

Minimum Net Worth — Under the laws of the state of Arizona, AHCCCS requires the Plan to maintain a minimum net worth of $2,000 per member. As of December 31, 2007, the Plan had $5,824 of equity per member meeting this requirement. As of December 31, 2006, the Plan had $5,384 of equity per member meeting this requirement. The Plan decreased its equity level through payment of an ordinary dividend to Lifemark in 2007 (see Note 8).

Revenue Recognition — Long-term care capitation premiums and prior period coverage (PPC) capitation premiums are both recognized as revenue in the month that the Plan receives notification from AHCCCS that members are entitled to long-term health care services. Prior period capitation premiums pertain to service dates prior to notification. AHCCCS reconciles PPC capitation and refunds the Plan all costs in excess of 110% of the premium. AHCCCS may also recoup from the Plan any PPC profit amounts in excess of 10%.

Medical Services Expenses and Payables — Medical services expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, and estimates for the costs of health care services that members have received, but for which claims have not yet been submitted.

The Plan contracts for nursing home services at negotiated per diem rates. Hospital services are generally contracted at per diem rates or adjusted total charges, as defined by AHCCCS, less any applicable discounts. Home and community based services, physicians' services, and other medical services are contracted on a capitated or fee-for-service basis.

The estimates for incurred but not reported claims are developed using actuarial methods based upon historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Plan did not change actuarial methods during the years ended December 31, 2007 and 2006. Management believes the amount of medical services payable is adequate to cover the Plan's liability for unpaid claims as of December 31, 2007; however, actual claim payments may differ from those established estimates. Adjustments to medical services payable estimates are reflected in operating results in the period in which the change in estimate is identified.

Reinsurance Ceded — In the normal course of business, the Plan seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding risk to AHCCCS, which provides the reinsurance by program contract. Reinsurance recoveries received of $9,304,252 and $2,803,048 during 2007 and 2006, respectively, are included as a reduction to medical services expenses in the accompanying statements of operations. Reinsurance recoveries are stated at actual and estimated amounts due to the Plan pursuant to the AHCCCS contract. These recoveries are recognized as a percentage of reinsurance eligible expenses in which medical costs exceed the stated deductible per member for the contract year.

Income Taxes — The Plan follows the provisions of SFAS No. 109, *Accounting for Income Taxes*, under which deferred income tax assets and liabilities are recognized for the differences between financial and income tax reporting bases of assets and liabilities based on enacted tax rates and laws. Deferred income taxes have been provided for all significant temporary differences. These temporary differences arise primarily from accrued medical claims and allowances for doubtful accounts.

Economic Dependence — The Plan's only source of revenue is its contract with AHCCCS. The Plan's current contract with AHCCCS serving members in all contracted counties expires in September 2008.

For the contract period October 1, 2006 to September 30, 2007, AHCCCS awarded the Plan the right to offer services in Apache, Coconino, Mohave, and Navajo counties. The Plan's contract in Maricopa county was not renewed. Through an agreement with AHCCCS, the Plan was allowed to retain its membership in Maricopa county, but is unable to enroll or market to new members in that county. Although the Plan's operations has negative impact from the loss of the contract in Maricopa county, this decision by AHCCCS has allowed management time to develop strategies to evaluate and minimize disruptions to ongoing operations.

At December 31, 2007, Maricopa county Capitation Revenue of $141,951,171 accounts for 77.5% of the total Capitation Revenue of $183,160,032 presented on the Statements of Operations in the audited financial statements.

Concentration of Credit Risk — Concentration of credit risk with respect to receivables is limited due to the fact that AHCCCS, its sole customer, is a governmental agency. As of December 31, 2007 and 2006, the Plan had cash and cash equivalents on deposit with a major financial institution that were in excess of FDIC insured limits.

New Accounting Pronouncements — In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). This statement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, however, during February 2008, the FASB issued FASB Staff Position SFAS 157-2, which defers the effective date of certain provisions of SFAS 157 until fiscal years beginning after November 15, 2008. The Company is currently assessing the effect that SFAS 157 will have on its results of operations and financial position.

During February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for fiscal years beginning November 15, 2007. The Company is currently assessing the effect that SFAS 159 will have on its results of operations and financial position.

Recently Adopted Accounting Standards — In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109.* On January 1, 2007, the Company adopted the provisions of FIN 48. The Company has assessed the impact of FIN 48 on its financial condition, results of operations, and statement of cash flows and has determined that the result was not material to the December 31, 2007 financial statements. If at a time in the future it were to record unrecognized tax benefits, interest expense, and penalties associated with these amounts would be recorded as income taxes within our financial statements.

2. INVESTMENTS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of the specific investment sold is used. The gross realized losses on sales of investments totaled $0 and $64,932 for the years ended December 31, 2007 and 2006, respectively. The gross realized gain on sales of investments totaled $77,659 and $12 for the years ended December 31, 2007 and 2006, respectively.

As of December 31, 2007 and 2006, the amortized costs, fair value, and gross unrealized holding gains and losses of the Company's short- and long-term investments, excluding cash and cash equivalents of $21,035,454 and $39,971,999, respectively, are as follows (in thousands):

	2007			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
U.S. government and agency	$ 6,171	$ 104	$ (3)	$ 6,272
State and state agency	8,531	49	(26)	8,554
Municipalities and local agency	9,969	54	(11)	10,012
Corporate bonds	8,053	63	(30)	8,086
Total	$ 32,724	$ 270	$ (70)	$ 32,924
Years to maturity:				
Less than one year	$ 2,404	$ 1	$ (7)	$ 2,398
One to five years	12,804	139	(29)	12,914
Five to ten years	8,846	76	(12)	8,910
Over ten years	8,670	54	(22)	8,702
Total	$ 32,724	$ 270	$ (70)	$ 32,924

	2006			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
U.S. government and agency	$ 4,551	$ 2	$ (19)	$ 4,534
State and state agency	7,949	7	(65)	7,891
Municipalities and local agency	7,875	14	(54)	7,835
Corporate bonds	3,656	12	(23)	3,645
Total	$ 24,032	$ 34	$ (161)	$ 23,905
Years to maturity:				
Less than one year	$ 1,907	$ -	$ (15)	$ 1,892
One to five years	7,650	10	(76)	7,584
Five to ten years	10,271	22	(46)	10,247
Over ten years	4,204	2	(24)	4,182
Total	$ 24,032	$ 34	$ (161)	$ 23,905

Included in U.S. government and agency securities and Corporate bonds securities in the table above are mortgage-backed securities, which do not have a single maturity date. In the years to maturity tables listed above, these securities have been presented in the maturity group based on the securities' final maturity date. For 2007, mortgage-backed securities have an amortized cost of $7,241,719 and a fair value of $7,272,062. For 2006, mortgage-backed securities have an amortized cost of $3,171,516 and a fair value of $3,156,808.

The gross unrealized losses and fair value of investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment type and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2007, are as follows (in thousands):

	2007				
	Less than 12 Months		More than 12 Months		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Total Fair Value
U.S. government agency	$ -	$ (0)	$ 314	$ (3)	$ 314
State and state agency	1,251	(9)	2,201	(17)	3,452
Municipal and local agency	556	(0)	1,433	(11)	1,989
Corporate bonds	2,499	(28)	578	(2)	3,077
Total temporarily impaired securities	$ 4,306	$(37)	$4,526	$ (33)	$ 8,832

	2006				
	Less than 12 Months		More than 12 Months		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Total Fair Value
U.S. government agency	$ 2,877	$(10)	$ 364	$ (9)	$ 3,240
State and state agency	4,656	(23)	2,748	(42)	7,404
Municipal and local agency	4,154	(17)	2,966	(37)	7,120
Corporate bonds	1,775	(5)	963	(18)	2,738
Total temporarily impaired securities	$13,461	$(55)	$7,041	$ (106)	$20,502

The unrealized losses on investments in U.S. government and agency obligations, state and state agency obligations, municipalities and local agency obligations, and corporate obligations at December 31, 2007, were mainly caused by interest rate increases and not due to unfavorable changes in the credit ratings associated with these securities. The Plan evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than the amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, as the Plan has the ability and intent to hold onto the investment until there is not an unrealized loss on the investment. The Plan evaluated the credit ratings of the state and state agency obligations, municipalities and local agency obligations, and corporate obligations, noting neither a significant deterioration since purchase nor other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which market value has been less than cost, the financial condition and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer, and our intent and ability to hold the investments for a sufficient time in order to enable recovery of our cost.

3. RECEIVABLES

Receivables from third parties at December 31, 2007 and 2006, consist of the following:

	2007	2006
AHCCCS receivables:		
Capitation	$ 30,000	$ 30,000
Reinsurance — net of allowance of $2,935,225 and $1,509,748 at December 31, 2007 and 2006, respectively	3,463,618	4,459,228
Ventilator services		249,210
Home and community based services	40,311	
Total AHCCCS receivables	3,533,929	4,738,438
Interest	312,529	219,050
Total	$3,846,458	$4,957,488

4. ASSETS SECURING PERFORMANCE BOND

Pursuant to the contracts with AHCCCS, the Plan is required to provide either a performance bond or a designated substitute to guarantee performance of the Plan's obligations under the contracts. In May 2002, the Plan (with AHCCCS approval) entered into an agreement to purchase a surety bond to fulfill its contractual obligation with AHCCCS. At December 31, 2007 and 2006, the value of the surety bond was $17,500,000 and requires no plan assets to secure this obligation.

5. CHANGE IN INCURRED CLAIMS

Changes in estimates related to prior years' incurred claims are included in medical services expenses in the current year in the accompanying statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the unpaid claim reserve for the years ended December 31, 2007 and 2006 (in thousands):

2007	Current-Year Incurred Claims	Prior-Years' Incurred Claims	Total
Beginning of year claim reserve	$ -	$ (30,582)	$ (30,582)
Paid claims	141,975	21,664	163,639
End of year claim reserve	28,111	852	28,963
Incurred claims	$ 170,086	$ (8,066)	$ 162,020

2006	Current-Year Incurred Claims	Prior-Years' Incurred Claims	Total
Beginning of year claim reserve	$ -	$ (38,914)	$ (38,914)
Paid claims	172,403	30,792	203,195
End of year claim reserve	30,346	236	30,582
Incurred claims	$ 202,749	$ (7,886)	$ 194,863

The Plan recognized reinsurance recoveries, net of allowance, of approximately $8,309,000 in 2007 and $5,927,000 in 2006 that are not included in the table above. These recoveries represent those claims costs the Plan was reimbursed for by AHCCCS and are presented as a reduction to medical services expense in the accompanying statements of operations.

6. INCOME TAXES

The Plan's operations are included in the consolidated federal income tax return of UnitedHealth Group Incorporated. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate Plan basis. Income taxes incurred in the current and prior years will be available for recoupment by the Plan only in the event of future net losses of consolidated UnitedHealth Group Incorporated. The Plan receives a benefit at the federal rate in the current year for net losses incurred in that year to the extent the losses can be utilized in the consolidated federal income tax return of UnitedHealth Group Incorporated. UnitedHealth Group Incorporated currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group Incorporated's consolidated income tax returns for fiscal years 2006 and prior. UnitedHealth Group Incorporated's 2007 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group Incorporated is no longer subject to income tax examinations prior to 2002 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be significant. Federal and state income taxes receivable of $2,488,372 and $1,314,323 at December 31, 2007 and 2006, respectively, are included in net related-party receivables and net related-party payables in the accompanying balance sheets.

The provision for income taxes at December 31, 2007 and 2006, consists of the following:

	2007	2006
Current portion:		
Federal	$2,790,123	$ 9,214,177
State	607,386	2,078,516
Total current portion	3,397,509	11,292,693
Deferred portion:		
Federal	(476,882)	35,797
State	(98,825)	(105,636)
Total deferred portion	(575,707)	(69,839)
Total income tax provision	$2,821,802	$11,222,854

A reconciliation of taxes based on the federal statutory rate and the Plan's actual income tax provision at December 31, 2007 and 2006, is as follows:

	2007	2006
Income tax at the federal statutory rate of 35%	$2,551,962	$10,127,357
State income taxes — net of federal tax benefit	341,203	1,282,372
Tax-exempt interest	(178,407)	(78,265)
Other	107,044	(108,610)
Total income tax provision	$2,821,802	$11,222,854

The Plan's deferred tax assets at December 31, 2007 and 2006, consist of the following:

	2007	2006
Allowance for bad debt	$1,160,272	$ 596,811
Book over tax capital gain	2,421	265
Loss reserve discounting	205,240	188,388
Total deferred tax assets	$1,367,933	$ 785,464

The Plan's deferred tax liabilities at December 31, 2007 and 2006, consist of the following:

	2007	2006
Bond discount accrual	$ 6,670	$ 1,833
Section 847 adjustment	23,516	21,591
Total deferred tax liabilities	$30,186	$23,424

In assessing the realizability of its deferred tax assets, the Plan considers whether it is more likely than not that some or all of such assets will be realized. The ultimate realization of the Plan's deferred tax assets is dependent upon generation of future taxable income of UnitedHealth Group Incorporated. During the years ended December 31, 2007 and 2006, the Plan determined that it was more likely than not that all the deferred tax assets would be realized.

7. RELATED-PARTY TRANSACTIONS

Balances with related parties at and for the years ended December 31, 2007 and 2006, are as follows:

	2007	**2006**
Lifemark:		
Management fees expense	$20,556,361	$28,065,953
Management fees payable	1,701,729	1,978,670
Taxes receivable — federal and state	(2,436,179)	(1,349,977)
Other payable	559,482	5,104,249
UHS — Medco Pharmacy payable	2,450	347,097
Evercare Hospice, Inc. — health care services expense	239,631	47,305

The Plan has a management agreement with Lifemark to perform substantially all the administration of the Plan. Lifemark is responsible for all equipment, furniture, and computer hardware and software expenses associated with the administration of the Plan. The Plan is responsible for its own legal, actuarial, and audit fees; fees for consultants (marketing) not authorized by Lifemark in connection with its management of the Plan; premiums for insurance coverage for professional liability, life, directors and officers, and errors and omissions liability; board of directors fees; and any other expenses such as banking or investment fees that are clearly related to the business of the Plan as an independent corporate entity. Operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Plan has an agreement with Evercare Hospice, Inc., a corporation under common control, to provide hospice services to qualified members for those services it is registered with AHCCCS to provide and bills the Plan on a monthly basis.

The Plan has an agreement with UHS to provide administrative services related to pharmacy management and claims processing for its enrollees. Additionally, UHS collects rebates on certain pharmaceutical products and remits the rebates to the Plan based on the Plan's member utilization. Management fees related to this agreement are collected through the Lifemark arrangement.

8. DIVIDENDS AND CAPITAL CONTRIBUTIONS

On October 30, 2007, the Plan paid an ordinary dividend in the amount of $10,000,000 to Lifemark, the Plan's sole shareholder.

9. CONTINGENCIES

Because of the nature of our business, we are routinely made party to a variety of legal actions related to the design and management of our service offerings. The Company records liabilities for estimates of probable costs resulting from these matters. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to disclosure of certain business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect upon the Plan's Financial Position or Results of Operations.

During 2006, the Plan concluded the likelihood of additional retroactive adjustments for years prior to 2006 to be remote. Accordingly, it reversed a previously accrued retroactivity reserve totaling $3.25 million in the accompanying statement of operations. There can be no assurances that similar adjustments will not occur in future periods, which may have a material impact on the Plan's financial position or results of operations.

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